

**EVGMAC WORK GROUP #1
ALTERNATIVE SOURCES OF SUPPLY**

**GROUND WATER CONSERVATION
INCENTIVE PROGRAM LEGISLATION**

OCTOBER 27, 2015

Water Utility Considerations

1. Long-term aquifer protection
2. Value from existing infrastructure investments
3. Time to make any required transition
4. Regulatory certainty for planning & investment
5. Access to solutions from EVGMAC Study

Incentive Program Concept

- A. Opt-In / Voluntary Basis
- B. DEQ's ~50% Reduction Goal
- C. Transition Period for Owners to Reach Goal
- D. Certainty Period for Owner's Use of New Permit
- E. Long-Term Permit vs. Now 10-Yr Statutory Max
- F. DEQ Reopener Authority for Unknowns

Key Issue #1: Participation (Line 33, Para. B)

- **Voluntary Opt-In**
 - If don't opt-in → status quo (regular permitting process)
- **Qualifying Threshold**
 - Accept a 50% reduction or a comparable level of conservation (such as by Study's future solutions)
 - Note: Excludes authorized drought relief/emergency use
- **Open to All Who Make Qualifying Reduction**
 - Not just Top 14 Permittees → all permittees
 - Recent permits w/ same benefit get same opportunity

Key Issue #2: Transition Period (Line 45, Para. C)

- **Time to Fully Reach New Permit Level**
 - Up to *15 years* based on decision criteria
 - Period to be established in each permit
- **Decision Criteria for Transition Period Length**
 - Feasibility & cost of securing an alternate water source
 - Feasibility & cost of installing infrastructure
 - Existing investments & outstanding debt on existing ground water related infrastructure
 - Other relevant factors

Key Issue #3: Certainty Period (Line 56, Para. D)

- **Certainty Period**
 - Uniform *20 year* regulatory certainty period
 - Beginning upon completion of the Transition Period
 - This stability enables sound planning and investment
- **Permit Term (Line 62, Para. E)**
 - Including the case-by-case Transition Period, the total permit term would 20 to 35 years
 - Subject to DEQ Reopener (next slide)

Key Issue #4: Reopener (Line 66, Para. F)

- **Reopen permit's withdrawal amount, transition period, or regulatory certainty period only if:**
 - In exceptional circumstances as warranted under existing subsection E of § 62.1-266
 - If an industrial or commercial facility permittee closes or substantially reduces operations, or
 - If the permittee consents to such reduction
- **Otherwise, permit would remain in place providing predictability through the 20 to 35 year plan**

Key Issue #5: EVGMAC Solutions (Line 83, Para. I)

- **Permittee May Use Study Solutions that Emerge**
 - Water reclamation & reuse
 - Ground water recharge
 - Desalinization
 - Surface water
- **Permit Timing & Supporting Modifications**
 - If DEQ issues permit before Study solutions available, may modify permit to restore earlier withdrawal amount
 - Ex: Shift to offsetting by ground water recharge system